

BRAD ERIC SCHELER (SBN BS-0397)  
BONNIE STEINGART (SBN BS-8004)  
**FRIED, FRANK, HARRIS,  
SHRIVER & JACOBSON LLP**  
One New York Plaza  
New York, NY 10004  
Telephone: (212) 859-8000  
Facsimile: (212) 859-4000  
Email: brad.eric.scheler@friedfrank.com  
bonnie.steingart@friedfrank.com  
Counsel for the Official  
Committee of Unsecured Creditors

BRETT A. AXELROD, ESQ. (SBN 5859)  
ANNE M. LORADITCH, ESQ. (SBN 8164)  
MICAELA RUSTIA, ESQ. (SBN 9676)  
**FOX ROTHSCHILD LLP**  
3800 Howard Hughes Parkway, Suite 500  
Las Vegas, Nevada 89169  
Telephone: (702) 262-6899  
Facsimile: (702) 597-5503  
Email: baxelrod@foxrothschild.com  
aloraditch@foxrothschild.com  
mrustia@foxrothschild.com  
Nevada Counsel for the Official  
Committee of Unsecured Creditors

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re:

STATION CASINOS, INC.

- ☐ Affects this Debtor  
☒ Affects all Debtors  
☐ Affects Northern NV Acquisitions, LLC  
☐ Affects Reno Land Holdings, LLC  
☐ Affects River Central, LLC  
☐ Affects Tropicana Station, LLC  
☐ Affects FCP Holding, Inc.  
☐ Affects FCP Voteco, LLC  
☐ Affects Fertitta Partners LLC  
☐ Affects FCP MezzCo Parent, LLC  
☐ Affects FCP MezzCo Parent Sub, LLC  
☐ Affects FCP MezzCo Borrower VII, LLC  
☐ Affects FCP MezzCo Borrower VI, LLC  
☐ Affects FCP MezzCo Borrower V, LLC  
☐ Affects FCP MezzCo Borrower IV, LLC  
☐ Affects FCP MezzCo Borrower III, LLC  
☐ Affects FCP MezzCo Borrower II, LLC  
☐ Affects FCP MezzCo Borrower I, LLC  
☐ Affects FCP PropCo, LLC

Chapter 11

Case Nos. BK-N-09-52470-GWZ through  
BK-N-09-52487-GWZ

Jointly Administered Under  
BK-N-09-52477-GWZ

**OBJECTION OF THE OFFICIAL  
COMMITTEE OF UNSECURED  
CREDITORS TO THE DEBTORS'  
PROPOSED FINDINGS OF FACT AND  
CONCLUSIONS OF LAW IN SUPPORT  
OF ORDER: (I) APPROVING REVISED  
SECOND AMENDED AND RESTATED  
MASTER LEASE COMPROMISE  
AGREEMENT; (II) ESTABLISHING  
BIDDING PROCEDURES AND  
DEADLINES RELATING TO SALE  
PROCESS FOR SUBSTANTIALLY ALL  
OF THE ASSETS OF STATION  
CASINOS, INC.; AND (III) DENYING  
MOTION FOR ORDER AUTHORIZING  
OPCO DEBTORS TO ENTER INTO  
RESTRUCTURING SUPPORT  
AGREEMENT WITH OPCO LENDERS**

Hearing Date: May 4, 5, 27 and 28, 2010

1 **TO THE HONORABLE GREGG W. ZIVE AND ALL PARTIES IN INTEREST:**

2 Pursuant to Rule 9021(b)(3)(A) of the Local Rules of Bankruptcy Procedure of the United  
3 States Bankruptcy Court for the District of Nevada (the “Local Rules”), the Official Committee of  
4 Unsecured Creditors (the “Committee”) appointed in the chapter 11 bankruptcy cases of the  
5 above-captioned debtors and debtors in possession (collectively, the “Debtors”), hereby files this  
6 objection (the “Objection”) to the Debtors’ Proposed Findings of Fact and Conclusions of Law in  
7 Support of the Order: (I) Approving Revised Second Amended and Restated Master Lease  
8 Compromise Agreement; (II) Establishing Bidding Procedures and Deadlines Relating to Sale  
9 Process for Substantially All of the Assets of Station Casinos, Inc.; and (III) Denying Motion for  
10 Order Authorizing Opco Debtors to Enter into Restructuring Support Agreement with Opco  
11 Lenders (the “Debtors’ Proposed Findings”) and Proposed Order Approving Revised Second  
12 Amended and Restated Master Lease Compromise Agreement Pursuant to 11 U.S.C. §§ 105(A),  
13 363(B)(1), 365(D)(3) and 365(D)(4)(B)(ii) and Fed. R. Bankr. P. 9019 (the “Debtors’ Proposed  
14 Order”).<sup>1</sup> Attached to the Declaration of Brett Axelrod (“Axelrod Declaration”) as **Exhibit A** are  
15 the Debtors’ Proposed Findings and the Debtors’ Proposed Order. Attached to the Axelrod  
16 Declaration as **Exhibit B** are the Committee’s proposed findings of fact and conclusions of law  
17 (the “Committee’s Proposed Findings”) and the Committee’s proposed order (the “Committee’s  
18 Proposed Order”) which conform to the oral findings of fact and conclusions of law the Court  
19 entered on the record on May 28, 2010 (the “Court’s Oral Findings”). Attached to the Axelrod  
20 Declaration as **Exhibit C** is a redline comparison showing the modifications made by the  
21 Committee to the Debtors’ Proposed Findings and the Debtors’ Proposed Order. Attached to the  
22 Axelrod Declaration as **Exhibit D** is the May 28, 2010 hearing transcript.

23 On June 19, 2010, the Debtors transmitted to the Committee the Debtors’ Proposed  
24 Findings and the Debtors’ Proposed Order. On June 23, 2010, in a good-faith effort to resolve its  
25 concerns with respect to the Debtors’ Proposed Findings and the Debtors’ Proposed Order  
26 without the involvement of the Court, the Committee requested that the Debtors make certain

27  
28 <sup>1</sup> All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Debtors’  
Proposed Findings or the Debtors’ Proposed Order.

1 changes to the Debtors' Proposed Findings and the Debtors' Proposed Order. On June 24, 2010,  
2 the Debtors circulated a revised version of the Debtors' Proposed Findings and the Debtors'  
3 Proposed Order that did not contain any of the substantive changes requested by the Committee.  
4 On June 29, 2010, in accordance with Local Rule 9021(b)(2), the Committee communicated to  
5 the Debtors its disapproval of the Debtors' Proposed Findings and the Debtors' Proposed Order.

6 In support of the Objection, the Committee respectfully states as follows:

### 7 ARGUMENTS

8 The changes the Committee is seeking with respect to the Debtors' Proposed Findings and  
9 the Debtors' Proposed Order may be broken down into the following categories, as set forth  
10 below.

#### 11 *A. Findings Related to the Bidding Procedures Order Are Inappropriate and Unnecessary*

12 The Debtors' Proposed Findings contain a number of purported findings of facts and  
13 conclusions of law with respect to the Bidding Procedures Motion. See Axelrod Decl. Ex. A,  
14 Title of the Debtors' Proposed Findings; Page 2, ¶ 1 of the Debtors' Proposed Findings; ¶¶ G, J  
15 and L of the Debtors' Proposed Findings. As the Court is aware, the Court entered on June 4,  
16 2010 an order approving the Bidding Procedures Motion (the "Bidding Procedures Order")  
17 [Docket No. 1563]. The Bidding Procedures Order incorporated by reference the Court's Oral  
18 Findings. See ¶ E of the Bidding Procedures Order. On June 8, 2010, the Committee filed with  
19 the Court a notice of appeal with respect to the Bidding Procedures Order [Docket No. 1583].  
20 Both the Committee and the Debtors have designated items to be included in the record on appeal  
21 [Docket Nos. 1608 and 1694].

22 Given that the Court already entered the Bidding Procedures Order based on both the  
23 record made before the Court at the hearing on the Bidding Procedures Motion and the Court's  
24 Oral Findings, it is unclear why any further or additional findings of fact or conclusions of law  
25 with respect to the Bidding Procedures Motion are included in the Debtors' Proposed Findings.  
26 The Bidding Procedures Order speaks for itself and the appellate record with respect to the appeal  
27 from the Bidding Procedures is now closed. In this regard, not only are further findings of fact  
28 and conclusions of law inappropriate but they will also unnecessarily impede the review by the

1 United States District Court for the District of Nevada of the Committee's appeal from the  
2 Bidding Procedures Order.

3 Accordingly, the Committee requests that all purported findings of fact and conclusions of  
4 law with respect to the Bidding Procedures Motion not be included in the Court's findings of fact  
5 and conclusions of law.

6 *B. The Court Did Not Make Any Findings of Fact or Reach Any Conclusions of Law*  
7 *Pursuant to Section 363 of the Bankruptcy Code With Respect to the Second Amended*  
8 *Master Lease Compromise Agreement*

9 The Debtors' Proposed Findings and the Debtors' Proposed Order contain numerous  
10 references to the Court's purported findings of fact and conclusions of law pursuant to section  
11 363 of title 11 of the United States Code (the "Bankruptcy Code") with respect to the Second  
12 Amended Master Lease Compromise Agreement. See Axelrod Decl. Ex. A, Debtors' Proposed  
13 Findings, Page 2, ¶ 1; ¶¶ C and D of the Debtors' Proposed Findings; Title of the Debtors'  
14 Proposed Order. These references are inaccurate and misleading. The Court evaluated the  
15 Second Amended Master Lease Compromise Agreement pursuant to Rule 9019 of the Federal  
16 Rules of Bankruptcy Procedure (the "Bankruptcy Rules"). See Axelrod Decl. Ex. D, Hr'g Tr.  
17 18:10-11 ("And I think when I am being asked pursuant to Rule 9019 to evaluate these  
18 matters...") (May 28, 2010). The Court did not make any finding of fact pursuant to section 363  
19 of the Bankruptcy Code. Id. at 19:18-20; 20:10-13;14-15 ("If this was a 363 sale, then this Court  
20 would have applied the typical and common 363 test..."); ("[I]f I were doing just a 363 analysis, I  
21 would very much, I believe, need far more specificity regarding valuation of the excluded  
22 assets."); ("[I]t can't really be a common 363 analysis."). While the Court alluded to standards  
23 that generally govern an analysis pursuant to section 363, at no point did the Court reach any  
24 conclusion that the Second Amended Master Lease Compromise Agreement satisfied section 363  
25 of the Bankruptcy Code.

26 Accordingly, the Committee requests that all purported findings of fact and conclusions of  
27 law under section 363 of the Bankruptcy Code with respect to the Second Amended Master Lease  
28 Compromise Agreement not be included in the Court's findings of fact and conclusions of law.

*C. The Court Did Not Apply a Heightened Standard of Review*

1 The Debtors' Proposed Findings assert that the Court employed a heightened standard of  
2 review with respect to the Court's review and approval of the Master Lease Motion and the  
3 Bidding Procedures Motion. See Axelrod Decl. Ex. A, ¶¶ D, J and L of the Debtors' Proposed  
4 Findings. However, upon a review of the May 28, 2010 hearing transcript, at no point did the  
5 Court indicate that it had applied such a heightened standard of review.<sup>2</sup> Further, the Bidding  
6 Procedures Order does not reference any such heightened standard. Accordingly, the Committee  
7 requests that all references to a heightened standard of review not be included in the Court's  
8 findings of fact and conclusions of law.

9 *D. The Court's Denial of the Support Agreement Motion*

10 On May 28, 2010, the Court denied on the record the Support Agreement Motion and  
11 directed that the Debtors prepare an order to that effect. Inexplicably and in contravention of the  
12 Court's command, the Debtors' Proposed Order contains no language regarding the denial of the  
13 Support Agreement Motion. Accordingly, the Committee's Proposed Order adds appropriate  
14 language stating that the Court has denied the Support Agreement Motion in its entirety. Section  
15 K of the Committee's Proposed Findings also contains additional language regarding the Court's  
16 findings of fact and conclusions of law with respect to the Restructuring Support Agreement.

17 *E. Other Changes to the Debtors' Proposed Findings and the Debtors' Proposed Order*

18 To ensure consistency with the Court's Oral Findings, the Committee proposes other  
19 modifications to the Debtors' Proposed Findings and the Debtors' Proposed Order. These  
20 changes include, but are not limited to:

- 21 • Deletion from the Debtors' Proposed Findings of certain references to  
22 the history, purpose and effects of the First Master Lease Compromise  
23 Agreement which are both irrelevant and outside the scope of the  
24 Court's Oral Findings [See Axelrod Decl. Ex. A, § I, ¶¶ 1, 2, 3 and 4 of  
25 the Debtors' Proposed Findings];
- 26 • Addition of language to the Debtors' Proposed Findings to reflect the  
27 exclusion of the Committee from the negotiations between the Debtors  
28 and their secured creditors over the Second Amended Master Lease

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<sup>2</sup> The Committee is aware that the Court later noted at hearings on other matters in these  
bankruptcy cases, held on June 10, 2010 and June 21, 2010, that it intended to utilize the  
heightened standard at the May 28, 2010 hearings. Respectfully, the Committee does not believe  
that a heightened standard was applied at the May 28, 2010 hearings. See Axelrod Decl. ¶ 4.

1 Compromise Agreement [See Axelrod Decl. Ex. B § I, ¶5 of the  
2 Committee's Proposed Findings];

- 3 • Addition of language to the Debtors' Proposed Findings to reflect the  
4 opposition of the Committee and the Independent Lenders to the  
5 Second Amended Master Lease Compromise Agreement [See Axelrod  
6 Decl. Ex. B, ¶ E(6) of the Committee's Proposed Findings];
- 7 • Addition of language to the Debtors' Proposed Findings to reflect the  
8 (x) formation of New PropCo by the CMBS Lenders and the Fertittas,  
9 (y) transfer of the Excluded Assets to New PropCo, and (z) auction of  
10 the remaining SCI assets ; [See Axelrod Decl. Ex. B, § I, ¶5 of the  
11 Committee's Proposed Findings]
- 12 • Addition of language to the Debtors' Proposed Findings to reflect the  
13 inability of the Court to make any finding with respect to the (x)  
14 probability of success in litigation and (y) difficulties in collection  
15 (Hr'g Tr. 22:12-14; 23:12-14 (May 28, 2010)) [See Axelrod Decl. Ex.  
16 B, ¶ E(1) of the Committee's Proposed Findings];
- 17 • Addition of language to the Debtors' Proposed Findings to reflect the  
18 Court's skepticism regarding the Debtors' explanation with respect to  
19 the late notice to the Court of the supposed disputes regarding the  
20 ownership of certain Excluded Assets (Hr'g Tr. 26:15-16 ("I cannot  
21 say that I am totally satisfied with the explanation...")(May 28, 2010))  
22 [See Axelrod Decl. Ex. B, ¶ E(3) of the Committee's Proposed  
23 Findings];
- 24 • Addition of language to the Debtors' Proposed Findings to reflect that  
25 (x) the CMBS Administrative Agent is affiliated with one of the OpCo  
26 Lenders and (y) the membership of the OpCo Steering Committee  
27 includes the affiliates of certain CMBS Lenders [See Axelrod Decl.  
28 Ex. B, ¶ E(6) of the Committee's Proposed Findings];
- Addition of language to the Debtors' Proposed Findings to reflect that  
(x) no valuation of the Excluded Assets was performed and (y) the  
Debtors' financial advisor, Lazard Freres & Co. LLC, failed to advise  
the Debtors on the fairness of the price to be paid by New PropCo for  
the Excluded Assets [See Axelrod Decl. Ex. B, ¶ F of the Committee's  
Proposed Findings];
- Deletion from the Debtors' Proposed Findings of references to the (x)  
Debtors' purported analysis of the replacement cost of certain  
Excluded Assets [See Axelrod Decl. Ex. A, ¶ G of the Debtors'  
Proposed Findings], (y) disputes regarding contribution liability,  
indemnity and subordination [See id., ¶ F(4) of the Debtors' Proposed  
Findings] and (z) purported concessions made by SCI and PropCo  
during the negotiations process, [See id., ¶ J of the Debtors' Proposed  
Findings], all of which are not supported by the Court's Oral Findings;  
and
- Deletion from the Debtors' Proposed Order of language purporting to  
waive the application of the 14-day stay required by Bankruptcy Rule  
6004(h) to the Master Lease Motion because (i) the Master Lease  
Motion failed to set forth any reason for relief from Bankruptcy Rule

1 6004(h) and (ii) in any event there is no justification for an exception  
2 to Bankruptcy Rule 6004(h) which could prejudice the right of the  
3 Committee to appeal from an order approving the Master Lease  
4 Motion [See Axelrod Decl. Ex. A, ¶ 7 of the Debtors' Proposed  
5 Order].

6 WHEREFORE, for all of the above-stated reasons, the Committee respectfully requests  
7 that the Court (i) enter the Committee's Proposed Findings and (ii) enter the Committee's  
8 Proposed Order and (iii) grant the Committee such other and further relief as is just and proper.

9 DATED this 29<sup>th</sup> day of June, 2010.

10 Respectfully submitted,

11 **FRIED, FRANK, HARRIS,**  
12 **SHRIVER & JACOBSON LLP**

13 By s/ Bonnie Steingart  
14 BRAD ERIC SCHELER (SBN BS-0397)  
15 BONNIE STEINGART (SBN BS-8004)  
16 One New York Plaza  
17 New York, New York 10004  
18 Telephone: (212) 859-8000

19 **FOX ROTHSCHILD LLP**  
20 BRETT A. AXELROD (SBN 5859)  
21 ANNE M. LORADITCH (SBN 8164)  
22 MICHAELA RUSTIA (SBN 9676)  
23 3800 Howard Hughes Parkway, Suite 500  
24 Las Vegas, Nevada 89169  
25 Telephone: (702) 262-6899

26 -and-

27 **QUINN EMANUEL URQUART**  
28 **& SULLIVAN, LLP**  
ERIC D. WINSTON (SBN 202407)  
JEANINE M. ZALDUENDO (SBN 243374)  
865 South Figueroa Street, 10th Floor  
Los Angeles, California 90017  
Telephone: (213) 443-3000

*Counsel for the Official Committee  
of Unsecured Creditors*